

Message Text

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TAGS: EAGR, UY

SUBJ: THE ANNUAL CONVENTION OF THE FEDERACION RURAL HIGHLIGHTS

THE SERIOUS PROBLEMS OF URUGUAYAN AGRICULTURE

REF: A) MONTEVIDEO 1292 B) 77 MONTEVIDEO 4355, C) MONTEVIDEO 5868

1. SUMMARY: AT THIS YEAR'S CONVENTION, THE FEDERACION RURAL SHIFTED TACTICS AND PRESENTED COMPETENT ANALYSES OF WHY AGRICULTURAL PRODUCTION IS DECLINING INSTEAD OF VERBALLY TRYING TO TAKE ON GOU REPRESENTATIVES ON POLICY AS IT HAD ATTEMPTED TO DO IN THE PAST. THE TACTIC MAY AT LEAST INCREASE PUBLIC AND EVEN GOU UNDERSTANDING OF THE SAD STATE OF AGRICULTURE AND RECENT GOU POLICY DISINCENTIVES FOR THE SECTOR. END SUMMARY.

2. THE RECENT CONVENTION OF URUGUAY'S LARGEST AGRICULTURAL INTEREST GROUP, THE FEDERACION RURAL, DREW RECORD ATTENDANCE AT ITS WEEKEND SESSIONS IN MONTEVIDEO. ONLY A YEAR AGO, THE ORGANIZATION'S CONVENTION BECAME A VERBAL SLUGFEST WITH THE THEN AGRICULTURAL

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MINISTER, ESTANISLAO VALDEZ OTERO. THE CRITICISM AND RANCOR WAS FINALLY STOPPED BY A MILITARY OFFICIAL OF THE MINISTRY WHO TERMED THE CRITICISM "EXCESSIVE SELF-INTEREST" AND CUT THE DIALOGUE SHORT. GIVEN THAT BACKGROUND, THE FEDERACION THIS YEAR LIMITED ITS PROGRAM TO PRESENTATION OF THREE ANALYTICAL PAPERS USING GOU DATA TO POINT TO SERIOUS PROBLEMS IN DAIRY, GRAIN AND ESPECIALLY MEAT PRODUCTION, AND TO AN ADDRESS BY THE OUTGOING

PRESIDENT, JORGE LEON OTERO, COVERING THE SECTOR GENERALLY.

3. ATTENDING INTERIM AGRICULTURAL MINISTER LUIS MEYER, AS ANNOUNCED AT THE START, MADE NO SUBSTANTIVE STATEMENT AND DID NOT PARTICIPATE IN DISCUSSIONS. THE FEDERACION SPEAKERS THEMSELVES DID NOT SPOTLIGHT POLICY FAILURES AS SUCH, BUT RATHER IMPLICITLY INDICATED THEM BY DESCRIBING THE PRODUCERS' PROBLEM-RIDDEN CONDITION AND THE NATURE OF THE DECLINE IN AGRICULTURAL PRODUCTION IN RECENT YEARS. (THE SECTOR AS A WHOLE PRODUCED 6 PERCENT LESS LAST YEAR THEN IN 1976.)

4. THE THREE TECHNICAL PAPERS PRESENTED TO THE CONVENTION (THE WORK OF A RESEARCH TEAM SERVING THE FEDERACION UNDER AN AID GRANT) DEMONSTRATED THAT THE AGRICULTURAL SECTOR HAS BEEN PROGRESSIVELY DECAPITALIZING; THAT THE COST OF INPUTS AND PRICES OF AGRICULTURAL PRODUCTION (ESTABLISHED BY THE GOU IN MOST CASES) LED TO AN EFFECTIVE LOSS OF INCOME TO PRODUCERS; AND THAT THE AGRICULTURAL SECTOR HAS BEEN TRANSFERRING PART OF ITS INCOME TO THE INDUSTRIAL SECTOR AND TO THE REST OF THE ECONOMY UNDER LONG ESTABLISHED GOU POLICIES. LARGELY AS A CONSEQUENCE OF THESE POLICIES, THE COUNTRY HAS HAD TO IMPORT MILK AND GRAIN (ALTHOUGH IN BETTER YEARS IT CAN MORE THAN MEET DOMESTIC NEEDS) AND THERE HAS BEEN A SIGNIFICANT REDUCTION IN THE NUMBER OF BEEF CATTLE. SPECIAL NOTICE WAS ALSO TAKEN OF THE RECENT PURCHASING OF AGRICULTURAL LANDS BY FOREIGNERS WHO TAKE ADVANTAGE OF THE LOW PRICES FOR THAT LAND (WHICH REFLECT CURRENT AGRICULTURAL INCOME LIMITED OFFICIAL USE

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PROSPECTS). PRESIDENT OTERO'S SPEECH DREW ATTENTION TO THE FINANCIAL PLIGHT OF THE FARMER/CATTLEMAN, COMMENTING FAVORABLY ON THE BANK OF THE REPUBLIC'S ANNOUNCEMENT THAT IT WOULD RENEW THE FINANCING OF SMALL AND MEDIUM LANDOWNERS FOR THE COMING YEAR, EVEN FOR THE MANY CURRENTLY DELINQUENT IN MAKING PAYMENTS. THE FEDERACION WOUND UP THE ANNUAL MEETING BY FIRST ELECTING A BOARD OF DIRECTORS LARGELY COMPOSED OF TRAINED AGRONOMISTS INSTEAD OF MAJOR PRODUCERS, AS IN THE PAST, AND THEN PASSING UNANIMOUSLY THE FOLLOWING DESCRIPTIVE DECLARACION OF THE STATE OF RURAL URUGUAY: QUOTE "AS A RESULT OF A LONG SERIES OF UNWISE DECISIONS IN THE CONDUCT OF AGRICULTURAL POLICY:
--OUR MACHINERY IS NO LONGER MOVING, CREATING THE NECESSITY TO IMPORT WHEAT AND POWDERED MILK,
--IMPROVEMENTS TO FARMS ARE RECEDING, NOT MOVING AHEAD,
--OUR NATIONAL CATTLE HERD IS NOT INCREASING THE CATTLE AVAILABLE WILL NOT SUPPLY BOTH OUR DOMESTIC AND FOREIGN MARKETS,
--THE PRESSURE OF TAXES AND OPERATING DEBT IS BECOMING ASPHYXIATING TO PRODUCERS,
--OUR BEST LANDS ARE BEING SOLD TO FOREIGNERS, AND
--THE EXODUS OF OUR RURAL POPULATION TO URBAN AREAS CONTINUES TO INCREASE.
AGRICULTURE CANNOT CONTINUE ACCUMULATING THE LOSSES WHICH HAS

BROUGHT IT TO THE EDGE OF BANKRUPTCY. THE COMMITMENT ASSUMED PUBLICLY BY THE GOVERNMENT TO GIVE PRIORITY TO THE AGRICULTURAL SECTOR REQUIRES THE IMMEDIATE ADOPTION OF MEASURES WHICH CANNOT BE DELAYED IF WE ARE TO PREVENT THE COUNTRY FROM SUFFERING THE SAME FATE. THE SOLUTIONS TO OUR GREAT AGRICULTURAL PROBLEMS PROPERLY PRESENTED BY THE FEDERACION RURAL AND THE EFFORTS REQUIRED TO REACH THE GOALS WE ARE HOPING FOR CONSTITUTE THE POSITIVE CONTRIBUTION OF OUR SECTOR OF THE ECONOMY." UNQUOTE.

5. COMMENT: THE CONVENTION WAS A SIGNIFICANT DEMONSTRATION OF BOTH SECTOR SOLIDARITY, AND THE ORGANIZATION'S NEW CAPACITY FOR TECHNICAL ANALYSIS OF ITS OWN PROBLEMS. THE TONE OF THE SPEECHES AND PAPERS WAS NON-CONFRONTATIONAL, AND THEY WERE FACTURAL AND BASED ON THE GOVERNMENT'S OWN DATA. HOPEFULLY THE CONVENTION MAY LIMITED OFFICIAL USE

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HELP TO PROVIDE A FOCUS ON WHICH A DIALOGUE WITH THE GOU CAN BEGIN ONCE A NEW MINISTER IS APPOINTED. PEZZULLO

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